

Application for Private Equity Partnership Liability Insurance



PLEASE NOTE:

THIS POLICY PROVIDES CLAIMS-MADE COVERAGE. **CLAIMS** MUST FIRST BE MADE AGAINST THE **INSURED** DURING THE **POLICY PERIOD** OR THE EXTENDED REPORTING PERIOD, IF PURCHASED. THE PAYMENT OF **DEFENSE COSTS** REDUCES THE LIMIT OF LIABILITY.

- This **Application** and all attachments shall form a part of the Policy if issued and shall be held in the strictest of confidence.
- The terms **Company**, **Claim**, **Insured(s)**, **Insured Person(s)**, **Outside Position**, **Parent Company** and **Portfolio Company** have the same meaning in this **Application** as in the Policy.

The following material must be attached to this **Application** for each general partner, fund, **Subsidiary** and **Portfolio Company**:

1. A copy of the offering memorandum, formative agreements (e.g., Articles of Incorporation, Partnership Agreement, Operating Agreement) and any indemnification provisions. Include resumes of individuals responsible for making investment decisions, unless this information is included in the above documents.
2. Most recent year-end and interim financial statements. Include realized and unrealized investments, gross and net internal rate of returns and the weighted average holding period of the portfolio.
3. Latest quarterly communications distributed to the general partners and limited partners regarding the private equity partnership and its financial performance, both past and anticipated.
4. List the **Portfolio Companies** and, for each **Portfolio Company**, the nature of the investment including any express agreements and percentage holdings, the names of the individuals serving in an **Outside Position** on behalf of the proposed **Insured**, an operations description, and if the **Portfolio Company** is publicly-traded, the corresponding stock symbol and exchange.
5. The latest CPA letters to management relating to internal controls and any written response thereto.
6. A completed Supplemental Employment Practices Liability Application (if applicable).

Please indicate if any of the materials requested above are not attached to this **Application** and the reason why.

This **Application** is submitted by: _____

Address: _____

Producer: _____

Please submit this completed **Application** with all attachments to:

Zurich North America
Zurich-American Specialties
Diversified Financial Institutions
One Liberty Plaza, 30th Floor
New York, New York 10006

Please answer all of the following questions and indicate if a question is not applicable.

A. GENERAL INFORMATION

1. Name of **Parent Company** (Applicant):
2. Address:
3. Date Operations Commenced:_____ Term of Partnership:_____
4. Is the proposed **Parent Company** or any **Subsidiary** registered with the SEC as an investment advisor?
5. Total number of general partners _____ limited partners _____
6. Size of fund: a. at Initial Closing Period:_____ b. at Final Close:_____
7. List all funds, general partners and investment managers proposed for coverage by completing Attachment I:

B. REQUESTED INSURANCE COVERAGE

Limit of Liability: _____

Retention: _____

Effective Date: _____

C. INVESTMENT STRATEGY AND PROCEDURES

1. Describe the Applicant's primary investment objective (e.g. venture capital, mezzanine financing, buy-out, fund-of-funds or hedge fund).
 - a. Have there been any material changes in the investment strategy of the fund since its inception? If so, what kind?
 - b. If applicable, has the investment strategy changed for subsequent funds established by the general partners?
2. Does the partnership agreement place any investment restrictions upon the general partners? If so, please describe.
3. What is the weighted average holding period of the portfolio?_____
4. Is there an advisory, investment, or review committee for which coverage is requested? _____
5. Does any **Insured Person** provide **Professional Services** for organizations other than the **Company**?

If yes, name of the **Insured Person** and the organization for which the **Insured Person** provides **Professional Services**:_____

6. Has any **Insured Person** considered the formation of, or solicitation of funds for, a new private equity fund in the next twelve (12) months? _____
If yes, indicate the type of fund and the offering size being considered. _____

D. PORTFOLIO COMPANY EXPOSURES

1. List the directors, officers and general partners of the **Parent Company**.

2. List the directors, officers or employees of the **Parent Company** who participate in the daily operations of a **Portfolio Company**. Describe the nature and extent of such participation.

3. Are there any plans for a merger, acquisition, consolidation, dissolution, “roll-up” or “roll-over” of or by the **Parent Company**, any **Subsidiary** or any **Portfolio Company**? If yes, have these plans been approved by the directors, general partners and limited partners?

4. Does the Applicant observe trading “blackout” periods or “trading windows” relating to **Portfolio Company** securities? If yes, how is this activity monitored?

5. Does the Applicant have a written insider trading policy that prohibits trading in securities on the basis of non-public information with respect to **Portfolio Company** securities? If yes, please attach a copy.

6. Is any **Insured Person** serving in an **Outside Position**?

If so, please list the names of such individuals.

Which, if any, of these individuals are responsible for decision making relating to any sale or distribution of a **Portfolio Company's** securities? _____

7. How are records maintained regarding the decision making process leading to the selling or distribution of **Portfolio Company** securities?

8. Is any **Portfolio Company** required to carry Directors and Officers and/or General Partners Liability Insurance or similar insurance? If yes, please attach a schedule of such insurance including the name of the insurance carrier and policy limits.

9. With respect to the distribution to investors of any **Portfolio Company** securities, what advice or recommendations do the proposed **Insureds** make to such investors regarding further trading in such distributed securities?

E. CURRENT INSURANCE

Type of Insurance	Name of Insurer	Limit(s) of Liability	Deductible(s)	Policy Period
Mutual Fund Investment Advisers Liability				
Private Equity Fund Liability				
Director and Officers Liability				
Fidelity Bond				
Other (indicate)				

Has any Insurer cancelled or refused to renew any Private Equity Partnership Liability Insurance (or similar insurance including Directors and Officers Liability or General Partners Liability Insurance) in the past three (3) years?

F. PAST ACTIVITIES

Has any proposed **Insured** been involved in any of the following during the last three (3) years:

- | | | |
|--|-----|----|
| 1. Anti-trusts, copyrights, or patent litigation? | Yes | No |
| 2. Civil or criminal action, administrative proceeding, charges or investigations in violation of a federal or state securities law or regulation? | Yes | No |
| 3. Any other criminal action? | Yes | No |
| 4. Representative actions, class actions or derivative suits? | Yes | No |
| 5. Bankruptcy, receivership or insolvency? | Yes | No |
| 6. A SEC, state regulator or self-regulatory organization inspection, investigation or examination of any proposed Insured in the last three (3) years? | Yes | No |

If yes to any of the questions above, attach full details including a copy of each letter of deficiency issued by the SEC, any state regulator or any self-regulatory organization and management's response thereto.

G. PRIOR KNOWLEDGE/REPRESENTATIONS

1. Is any proposed **Insured** aware of any fact or circumstance that it, he, or she has reason to believe may give rise to a **Claim** that would fall within the scope of the proposed coverage?

_____ If yes, please describe the fact or circumstance.

It is agreed that if such fact or circumstance exists, whether or not disclosed, any **Claim** arising therefrom is excluded from this proposed coverage.

2. Has any proposed **Insured** given written notice of a specific fact or circumstance that might give rise to a **Claim** against any proposed **Insured** under any prior or current Directors and Officers, or any other type of professional liability policy, financial guarantee, fidelity or surety bond?

_____ If yes, please attach details.

3. Has any insurer made any payment on behalf of any proposed **Insured** under any prior or current Directors and Officers, or any other type of professional liability policy, financial guarantee, fidelity or surety bond?

_____ If yes, please provide details.

H. FALSE INFORMATION

Any person who knowingly and with intent to defraud any insurance company or other person, files an **Application** for insurance or statement of claim containing any false information, or conceals for the purpose of misleading, information concerning any fact material thereto, commits a fraudulent insurance act, which is a crime in certain jurisdictions.

I. DECLARATIONS AND SIGNATURE

THE UNDERSIGNED DECLARES THAT TO THE BEST OF HIS OR HER KNOWLEDGE AND BELIEF THE STATEMENTS SET FORTH HEREIN ARE TRUE. THE SIGNING OF THIS **APPLICATION** DOES NOT BIND THE INSURER OR ANY PROPOSED **INSUREDS** TO EFFECT INSURANCE. THE UNDERSIGNED AGREES THAT THIS **APPLICATION** AND ITS ATTACHMENTS SHALL BE THE BASIS OF THE CONTRACT SHOULD A POLICY BE ISSUED AND SHALL BE ATTACHED TO AND SHALL FORM PART OF THE POLICY. THE INSURER IS HEREBY AUTHORIZED TO MAKE ANY INVESTIGATION AND INQUIRY IN CONNECTION WITH THIS **APPLICATION** THAT IT DEEMS NECESSARY.

THE UNDERSIGNED, ON BEHALF OF ALL PROPOSED **INSUREDS**, AGREES THAT IF THE INFORMATION IN THE DECLARATIONS, REPRESENTATIONS AND WARRANTIES CONTAINED IN THIS **APPLICATION** AND ITS ATTACHMENTS MATERIALLY CHANGES BETWEEN THE DATE OF THIS **APPLICATION** AND THE INCEPTION OF THE PROPOSED COVERAGE, THE UNDERSIGNED WILL IMMEDIATELY REPORT IN WRITING TO THE INSURER SUCH CHANGE, AND THE INSURER MAY WITHDRAW OR MODIFY ANY OUTSTANDING QUOTATIONS OR AGREEMENTS TO BIND COVERAGE. THE UNDERSIGNED ACKNOWLEDGES AND AGREES THAT THE INSURER'S RECEIPT OF SUCH WRITTEN REPORT, PRIOR TO INCEPTION OF THE PROPOSED COVERAGE, IS A CONDITION PRECEDENT TO COVERAGE.

The Principal or a General Partner or a Managing Member of the **Parent Company** must sign this **Application**.

Signature: _____

Print Name: _____

Title: _____

Date: _____

ATTACHMENT I

List each private equity fund applying for coverage and indicate each fund's total committed capital. If additional space is needed, attach a sheet.

Fund Name	General Partner/ Investment Manager/ Other	Formation Date	Total Committed Capital	Number of Portfolio Companies